



**Searching for a new perspective on institutions, networks  
and the internationalisation of SMEs in emerging  
economies: A systematic literature review**

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Title:

Searching for a new perspective on institutional voids, networks, and the internationalisation of SMEs in emerging economies: A systematic literature review

In recent decades, institutional theory has risen to prominence as a popular and powerful explanation for the internationalisation processes of small and medium-sized enterprises (SMEs). Within this domain, scholars argue that institutions are more than just background conditions (Liedong *et al.*, 2020a); rather, they have a direct bearing on the strategic options available to entrepreneurs. The literature explores how resource-seeking SMEs adapt their internationalisation strategies to different institutional contexts; the assumption being that these enterprises can achieve and sustain competitive advantages in international markets through strategies that overcome or capitalise on the nature of such markets' institutional environments (Marquis and Raynard, 2015). Nevertheless, SMEs often limit themselves to conforming to institutions in regard to endorsement, legitimacy, and access to resources (Su *et al.*, 2017). Increasingly, however, the contemporary literature has signalled that institutions often fail to provide efficient solutions suited to internationalising SMEs (Schuck, 2014).

In 2020, consistent with this resource-based focus, two notable systematic literature reviews were published within the area of SME internationalisation. Dabic *et al.* (2020) noted the lack of human capital in the conversation on the internationalisation of SMEs, insisting that this lacuna represents a major barrier for the successful completion of the related processes. Likewise, Chandra *et al.* (2020) showed how institutional barriers significantly impact SME internationalisation processes in developing economies. Therein, an important contribution was the recognition of the role played by networks in compensating for this institutional void. More specifically, they described how, in the absence of institutional support, SMEs create partnerships aimed at accelerating their internationalisation with foreign venture capitalists.

Aligned with other observers (e.g., Greenwood *et al.*, 2014), we present an alternative perspective, contending that the resource-based perspective that currently dominates the literature over-emphasises the lack of resources and that scholars should instead strive to better understand the *conditions and processes that provide the context* for any lack of resources. In constructing our argument, we review and critique the literature on internationalisation, institutions, and institutional voids. We claim that the gap left by weak formal institutions has given rise to complex alternative arrangements that offer support mechanisms for SMEs (Webb *et al.*, 2014). Our review makes a distinctive contribution in relation to the creative and unorthodox arrangements that SMEs employ to overcome any market and formal institutional barriers. Accordingly, our review reveals unorthodox networks and networking as key enablers of SME internationalisation (Andersson, 2000). Building on this literature, the current argument notes that both *intra-* and *inter-sectorial* relationships provide novel opportunities for SMEs to access international markets and resources (Bembom and Schwens, 2018). Diverging from the top-down resource-based view of the role played by formal institutions in the internationalisation process, we bring informal institutions and networks to the fore and develop a bottom-up, community-driven conceptualisation of the internationalisation of SMEs under conditions of institutional voids.

Thus, the overall objective of our research is to promote the development of a novel concept that comprises a *participatory ecosystem*. Rather than viewing internationalisation as the

efforts made by a single entrepreneur to penetrate a particular external market, we perceive it as the collective map of a value chain consisting of multiple stakeholders, including formal institutions, their policies, and their services. The aim of this approach is to inspire contemporary scholars to develop an alternative understanding of SME participation in market environments; one that prioritises the access of entrepreneurs to market opportunities, rather than being predicated on the availability of resources. Undoubtedly, developing economy SMEs have to deal with limited resources (Dekel-Dachs *et al.*, 2020), a reality over which they have little control. However, they do have options *vis-à-vis* how they react to it. For instance, the wider their access to information and market processes, the greater their capability for innovation. The participatory ecosystem promoted herein conceptualises institutions as the facilitators of a wide range of market actors in a network, who are thus enabled to support each other and create market opportunities in a more inclusive and efficient fashion.

From this perspective, our systematic review contributes to the scholarship on international marketing in three important ways: First, it advances the understanding of the role played by formal and informal institutions in the internationalization processes of SMEs in contexts characterized by varying levels of economic development. Second, it explores networks as specific marketing vehicles that address the institutional voids found across developed and emerging markets. Thirdly, it points at how SMEs develop alternative informal arrangements in order to overcome any barriers created by institutional voids.

## 2. Background

The last two decades have witnessed a shift in the framing of institutions: from given background conditions to mechanisms of direct influence on business activity (Meyer *et al.*, 2009). Hence, it has been argued that the institutional stage of development, which acts as a key market intermediary mechanism (Meyer *et al.*, 2009), determines the availability and productivity of resources in a given market (Gwartney, 2009). This stance has been fuelled by rising interest in emerging economies, the institutions of which often differ significantly from those found in their developed counterparts (Peng *et al.*, 2009). Accordingly, researchers have increasingly probed emerging economies in order to explore how institutions shape the strategy and performance of SMEs (Senik *et al.*, 2011; Makhmadshoev *et al.*, 2015). Moreover, a growing body of research on the interaction between institutions, organisations, and strategic choices has revealed various constraints posed by institutional voids and the actions undertaken by firms to address them (Doh *et al.*, 2017; Liedong *et al.*, 2020b).

Accordingly, internationalising SMEs face difficult challenges when attempting to overcome, shape, and capitalise on the institutional environments of their destination markets (Senik *et al.*, 2011). The room they have for manoeuvre is substantially constrained by resource limitations (Dekel-Dachs *et al.*, 2020), which are affected by the institutional compositions of

their countries of origin (Narooz and Child, 2017). Hence, those studies that have investigated the foreign market expansion of SMEs have revealed the stymying or promotional influence exerted on such expansion by their domestic institutional environments in parallel with any similar issues found in their host country settings (Akbar *et al.*, 2017). Therefore, research on internationalising SMEs has emphasised how institutions generate both exit and entry barriers and how, consequently, SMEs need to respond to multiple voids. There has therefore been an overall growth in interest in the application of institutional perspectives in order to enhance the understanding of SME internationalisation (Dabic *et al.*, 2020); however, few studies have hitherto provided informative syntheses of the body of knowledge developed thus far. Therefore, our review addresses this gap by structuring and mapping the extant research and providing prospective research avenues.

### 3. Methodology

Consistent with the principles that govern systematic literature reviews (Williams *et al.*, 2020), our research followed five structured stages: framing the research questions; identifying the relevant work; assessing the quality of the studies; summarizing the evidence; and interpreting the findings (Parahoo, 2006). Figure 1 provides an overview of the systematic literature review design we employed:

–Insert Figure 1 about here–

Our study was guided by the following two key research questions:

*RQ1. How do formal institutional arrangements give rise to the access barriers experienced by internationalising SMEs, especially those operating in emerging economies?*

*RQ2. How do alternative institutional arrangements address the access barriers experienced by internationalising SMEs, especially those operating in emerging economies?*

To extract relevant articles, we selected two well-established and widely acknowledged scientific databases—namely, *Sciverse Scopus* and *Clarivate Analytics/Web of Science*—that had previously been employed in reviews in the management area (Cristo-Andrade and Ferreira, 2018). To ensure the relevancy and comprehensiveness of the findings with respect to our study's scope, we also selected two sub-libraries from the Web of Science database—*Science Citation Index Expanded* (SCI-EXPANDED) and *Emerging Sources Citation Index* (ESCI). Recognizing that the institutional contextualization of SME internationalisation processes has been identified as an emerging area of research, we decided not to narrow our search to specific journals; instead, in relation to Web of Science, we focussed on the relevant subject areas of: *Business and Economics*, *International Relations*, and *Public Administration*.

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Moreover, in regard to the Scopus database, we decided to focus on: *Business, Management and Administration, Economics and Finance, Political Science and International Relations, and Public Administration*. Furthermore, as our research questions refer to contemporary studies (Williams *et al.*, 2020), we set the timeframe for our search to cover the 20-year period from January 2000 to May 2020.

Given the nature and the intended contributions of our review, we deemed multistep qualitative coding to be the most suitable method for our analysis. To do so, we followed best-practice-recommendations offered by Christofi *at el.* (2021) to identify the key findings in the literature. We sought to find common features to identify the key findings in the literature. We sought to find common features between articles in order to categorize them into research themes based on the unit of analysis, which would enable us to address our research questions (see Vrontis *at el.* 2021). Four main research themes were identified: 1. Focus on small business 2. Institutional approach 3. Emerging economy perspective 4. Internationalization

The search for relevant articles, which was performed in May 2020, followed a two-step procedure (Fig. 1). First, a matching list of predefined keywords was fed to the search engines of the two selected databases. Given the conceptual framing of the study, as reflected in the research questions, the central set of keywords used in the search comprised: *SMEs, institution, and internationalisation*. Combinations of those key terms were applied across article title, abstract, and keywords (and also keywords plus or tags, which are included in the Web of Science topics search). The inclusion of synonyms and/or semantically very similar expressions yielded more exhaustive search results (e.g., *SME\**, *small business; international\**, *export\**, etc.). The initial list obtained through this process included 434 papers (374 from *Web of Science*, 60 from *Scopus*). Once any double entries had been removed, 399 original records were left. In the second step, in accordance with the common practice implemented in systematic review processes in the management discipline (Williams *et al.*, 2020), the initial list was refined based upon technical criteria (Table 1).

–Insert Table 1 about here–

Next, the search results were further reviewed on the basis of qualitative criteria (Table 2) in order to encompass the most relevant research material for the content analysis. As a result of this refinement procedure, 250 papers remained in our sample. These were then verified with respect to the contextual usage of the defined search keywords. Only those papers that included *SMEs, internationalisation, and institutions* as elements of the main discussion were kept for further study. Hence, the qualitative refinement process yielded a final sample of 156 relevant papers.

–Insert Table 2 about here–

The subsequent stage of the research involved a qualitative content analysis of the sample articles. This was based on a full-text reading and guided by the formulated research questions (Williams *et al.*, 2020); hence, it focussed on the barriers to internationalisation experienced by SMEs, the institutional contextualisation of those barriers, and the approaches taken to address them. Accordingly, the patterns explored in the sample studies involved their content (analysed through the aforementioned focus), the theories and methods used, their geographical and cultural contexts (developed/emerging markets), and their publication in journals.

–Insert Table 3 about here–

To eliminate individual bias, the analysis stage was carried out simultaneously by the four researchers. Two senior researchers then reviewed the sample for quality assurance purposes. Those papers that provided only a fragmentary picture of the subject (for example, extensively reviewing the barriers to internationalisation without providing a complementary pathway pertaining to ways suited to address them) or did not contextualize the presented findings and conclusions (e.g., conceptual papers abstracted from specific regional or national contexts) were discarded. Thus, the final sample comprised 63 highly relevant articles.

## 4. Findings

### 4.1. Profile of the studies

The articles included in the sample had been published in 46 different scientific journals. Among these, the 22 top ranked (Q1) by the SCImago Journal Rank indicator (Falagas *et al.*, 2008) had disseminated most of this research (34 articles). *International Business Review* (5), *International Small Business Journal* (3), and *Journal of Small Business and Enterprise Development* (3) were found to be the top three linked to the scope of research. Although research exploring the institutional context of SME internationalization had not been preponderant in the international marketing literature, it was found among the general business and economics journals (e.g., *European Business Review*, *Journal of Business Research*, *European Planning Studies*, and *Management and Organization Review*), with specialized entrepreneurship and small business management journals representing a more frequent publication outlet (e.g., *Journal of International Entrepreneurship*, *Journal of Small Business & Entrepreneurship*, *International Journal of Entrepreneurship and Small Business*, and *Small Business Economics*). Furthermore, specific references to emerging economy contexts were found to have been made by studies published in general international business and marketing journals (e.g., *European Journal of International Management*, *Journal of International Business Studies*, *International Business Review*, and *Thunderbird International Business Review*) and in specialized publications focussed on emerging economies (e.g., *Academia Revista Latinoamericana de Administración*, *Asia Pacific Business*



Review, *International Journal of Emerging Markets*, *Journal of Entrepreneurship in Emerging Markets*, and *African Journal of Economic and Management Studies*).

The temporal distribution of the publications clearly indicates the growing contemporary attention devoted to the subject. Most of the studies (57%) had been published recently (2016-2020). A less recent period (2011-2015) accounted for 32% of the sample. The remainder (11%) was featured in the earliest time sub-frame of the research (2000-2010).

#### 4.2. Theories employed

The review identified three major theoretical perspectives taken across the sample: *institutional theory* (52%), *network approach* (52%), and *resource-based view* (19%) (Fig. 2). The theories had been reported either explicitly (e.g., Cardoza *et al.*, 2016) or implicitly (e.g., Brache, 2018) in the theoretical background descriptions. Most of the sample studies had referred to more than one theory (74%). Overall, the research had been informed by complementary—rather than competing—theories or constructs.

—Insert Figure 2 about here—

Institutional theory had been applied mainly to evaluate the efficiency and effectiveness of institutional support for the internationalization of SMEs (Narooz and Child, 2017). In this regard, the sample studies had focussed on broad government support systems (Wysokinska, 2017), international regulations (Carrigan *et al.* 2017), specific sectorial policies (Korez-Vide *et al.*, 2010), and the operations of public and semi-public agencies (Oparaocha, 2015). The institutional perspective was also utilized to explain the impact of social capital on the performance and speed of SME internationalization (Clarke *et al.*, 2016), and to examine the role played by institutional contexts in the process of knowledge acquisition (Suárez-Ortega *et al.*, 2016).

Furthermore, an important line of inquiry had involved any differences between emerging and developed markets in terms of the impact of institutional environments on internationalizing SMEs (Cardoza *et al.*, 2015). Therein, the relevant sample studies had examined the moderating role played by institutional development (Makhmadshoev *et al.*, 2015) and by the institutional distance between the home and host countries (Couper, 2019). Out of 33 studies drawing on institutional theory, 21 had focussed on the home country institutional contexts, 12 on those found in both the home and host markets, and one solely on those present in the host markets (Cassia and Magno, 2015).

The network approach had been employed as a theoretical foundation to examine how internationalising SMEs respond to the relevant institutions in their domestic (Gil-Barragan *et al.*, 2020) or destination market environment (Andersson *et al.*, 2018). Although, in most cases, the networking approach had referred to addressing any institutional weaknesses, some studies had framed it as a complementary consideration. Particularly, the network



approach had been utilised to inform research on the direct and indirect impacts of networking on internationalisation—i.e., in enabling transactions and providing access to any resources needed for further international activities (Nguyen and Le, 2019). In this regard, the studies had explored the effects on internationalisation of various network ties—e.g., social (Berger and Herstein, 2015), industrial (Ryan *et al.*, 2019), business (Andersson *et al.*, 2018), institutional (Costa *et al.*, 2017), or spatially determined networks (Guerrieri and Pietrobelli, 2004). Moreover, to explain the influence of a particular configuration of ties, scholars had expanded the theoretical base by reaching for additional perspectives such as contingency theory (Ferrucci *et al.*, 2018) and concepts of entrepreneurial orientation (Yoon *et al.*, 2018), decision making logic (Gil-Barragan *et al.*, 2020), or social capital (Ryan *et al.*, 2019). Several studies had included the temporal consideration of networking dynamics (Danis *et al.*, 2010).

Within the systematic review, the resource-based view had been generally utilised as a primordial perspective complementary to network approach and institutional view. It had been applied to the investigation of the mainly institutional internal and external barriers to internationalization (Keen, 2013). In most cases, the studies had explored the interactions between those two general categories—e.g., by examining the moderating impact of any institutional voids on the role played by marketing capabilities of SMEs in export performance (Akbar *et al.*, 2017), and by investigating institutions as providers of market knowledge (Han and Park, 2019).

#### 4.3. Research Context

With regard to context (Table 4), the studies had considered both industrial and geographical coverage. A large majority of articles (71.5%) had conducted multiple-industry sampling (e.g., Cardoza *et al.*, 2015). Sampling limited to a single industry (e.g., diamonds, footwear) had been less common (e.g., Ryan *et al.*, 2019).

–Insert Table 4 about here–

#### 4.4 Methodology Employed

Empirically-based research had dominated the collected studies (Table 5), with three presenting purely conceptual discourses. The empirical research had taken either qualitative or quantitative approaches. Among the studies adopting qualitative methodologies, the case study method had been the most commonly applied (36.5%), including occasional multiple-case study designs (e.g. Langseth *et al.*, 2016). The range of cases had varied between two (Andersson *et al.*, 2018) and 71 (Guerrieri and Pietrobelli, 2004). Both comparative analysis and expert opinion surveys had been employed to a much lesser extent; however, five studies had taken a mixed approach across qualitative methods (e.g., Senik *et al.*, 2011). Only one study had been guided by a longitudinal qualitative-research design (Himersson and Jansson, 2012).

–Insert Table 5 about here–

The quantitative approach revealed the widespread adoption of regression analysis (e.g., Revindo *et al.*, 2019). However, recent years (2016–2020) had seen an increase in the adoption of more complex tools such as structural equation modelling (e.g., Haddoud *et al.*, 2017). The sample sizes used for regression analyses had varied between  $n=50$  and  $n=2,634$ , and only two studies had employed sample sizes smaller than  $n=100$  units (Clarke *et al.*, 2016). In the instances of structural equation modelling, the reported sample sizes had ranged from  $n=128$  (Haddoud *et al.*, 2018) to  $n=334$  units (Yoon *et al.*, 2018). There had been only three longitudinally designed studies (e.g., El-Makrini, 2017).

5. Main inferences and implications from the extant literature

To develop our argument, we considered and engaged with the three major theoretical perspectives evidenced across our sample: institutional theory, network approach, and resource-based view. This was undertaken through three related themes that had emerged from the analysis: *barriers to internationalisation*, *the role of institutions*, and *networks as informal institutions acting to compensate for institutional voids*.

5.1 Barriers to internationalisation

A total of 30 different types of barriers were identified in the literature. Table 6 below summarises these findings and compares between developed economies and emerging/developed ones.

–Insert Table 6 about here–

The internationalisation process of SMEs is subject to several constraints and bottlenecks. The current common understanding is that SMEs from emerging economies are deprived of, and constrained by, resources more than their developed economy counterparts. Proportionately, more resource-based barriers were identified (see table 6) in developing economies (60%) than in developed ones (40%). However, a lack of resources is a reality with which most SMEs need to deal. Deeper analysis yielded *qualitative differences*—rather than quantitative ones—indicating the *different needs* of SMEs in the two types of economy. While the sample SMEs from developed economies had reported a lack of appropriate *legal support and information* as the main barriers to their internationalisation, those from emerging economies had reported *lack of sufficient knowledge of the target market*, *inability to access the required information to make internationalization decisions*, and *lack of appropriate human resources*. Thus, for the latter, it was a question of the *sheer absence of these resources* whereas for the former it was more a question of *not having visible pathways to appropriate the extant resources*. However, more significant differences between developed

and developing economies appeared through the analysis of institutional barriers presented in part B/table 6. Revealingly, 81% of institutional barriers had been reported in developing economies, compared to only 19% in developed ones. Although, in emerging economies, public institutions may support SMEs in overcoming these resource and foreign market access weaknesses, the established institutional arrangements often lack the potency to deliver the required or requested support. These insights point at the need for a more variegated and probing consideration of the role played by institutions in the internationalisation process.

## 5.2 *The role of institutions*

Our review of the role of institutions was focussed on the regulatory, social, and cultural influences of those markets and social constructs that either promote or inhibit the internationalisation of SMEs. This was underpinned by search terms such as: institutions, policies, and norms.

—Insert Table 7 about here—

The resource-based view assumes that formal institutions can effectively promote SME internationalisation by providing any necessary resources, especially when these are offered under clear universalistic rules. It also signals that a lack of institutional support for entrepreneurship—and for the business environment as a whole—may be undermined in equal measure by inadequate institutional rules and by their weak enforcement (for example, see research on Malaysian SMEs (Senik *et al.*, 2011)). Accordingly, voids reflect any prevailing institutional conditions that disturb the functioning of markets, enhancing the likelihood of opportunism, and of market power—see the studies of the jewellery industry conducted by Berger and Herstein (2015) and Carrigan *et al.* (2017).

Contrary to the resource-based view approach, our interest in voids explores how institutional contexts enable or require alternative business arrangements. It underlines how each potential void is an actionable construct that can be addressed or shaped. For example, firms may mitigate any institutional voids or surrogate formal institutions by informally collaborating with local actors (Peng *et al.* 2008) or creating new organisational arrangements. However, few studies have hitherto focussed on the coping behaviours enacted by SMEs under specific conditions of institutional void. One potential important research area through which this coping behaviour can be understood is that of networking (Akhbar *et al.*, 2017).

## 5.3 *Networks as informal institutions acting to compensate for institutional voids.*

The literature offers a wide array of ways in which networks take on a quasi-institutional role in compensating for voids (see Table 8 below for a full summary). These range from providing support during the initial stages of internationalisation (e.g., identifying opportunities (Ferrucci *et al.*, 2018), or assessing potential partners (Lindstrand and Lindberg 2011) to

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establishing the franchise (facilitating business cooperation (Andersson *et al.*, 2018) or providing regulatory support (Cardoza *et al.*, 2015)). Cancino and Coronado (2014) had described how participation in foreign capital networks accelerated the internationalisation process in Chile, Cadozaal *et al.* (2015) had described how Chinese SMEs base their expansion strategy on private relationships, and Rodríguez-Serrano and Martín-Armario (2019) had described how, in Spain, collaboration between SMEs and universities had a positive influence on the internationalization decisions of these businesses.

–Insert Table 8 about here–

Interestingly, Makhmadshoev *et al.* (2015) and others had reported on the hybrid formation of the emerging networks, which comprise a variety of partners and formats combining private, public, and non-profit organisations to the end of redressing such issues by collaborating and strengthening internationalizing SMEs (see Table 9).

–Insert Table 9 about here–

Therefore, the lack regulation and facilitation of a market by effective central institutions leads to the establishment of complex forms of collaboration between communities, governments, and businesses. To be able to offer alternative solutions in the presence of institutional voids, networks need to foster multiple business relationships with key stakeholders capable of reliably servicing their purposes—providing solutions to internationalising SMEs. We argue that these findings encourage the conducting of further research that recognises the changing roles of institutions. Rather than providing top-down, resource-based descriptions of such roles, researchers should recognise that the priority of these institutions is to stimulate the participation of stakeholders who come from multiple access points, in both the formal and informal domains.

Although the interdependencies between institutions and networks are recognised (e.g., Owen-Smith and Powell, 2008), our analysis indicates that the links between formal and informal institutions and networks remain under-theorized. One link manifests itself in the non-market strategies whereby firms endeavour to secure the support of institutions, and even shape their policies, through networking processes such as lobbying, co-optation, and relationship management (Senik *et al.*, 2011). Therefore, this paper makes the key contribution of raising awareness of the need for the theoretical development of the quasi-institutional manner in which internationalizing SMEs engage in informal networking when confronted with formal institutional voids.

In keeping with the above, Table 10 illustrates both the established and new perspectives that account for institutional voids, networks, and the internationalisation of SMEs.

–Insert Table 10 about here–

## 6. Conclusion

The main focus of this systematic literature review was to advance alternative perspectives on institutional voids, networks, and the internationalisation of SMEs in emerging economies. Accordingly, the review heralds the advent of the alternative institutions, distinctive network dimensions, and contextualised processes of SME internationalisation that are taking shape in emerging economies. Specifically, it demonstrates how trade associations, indigenous institutions, social networks (friendship, kinship, etc.), and collaborations with informal actors are becoming fundamental components of the internationalisation of SMEs in emerging economies (see Gancarczyk et al., 2020 for similar discussion).

Our comprehensive systematic review of the literature on international marketing and SMEs unequivocally shows that these new perspectives have been progressively taking the place of conventional firm internationalisation strategies—e.g., RBV, formal institutions, and business networks—and are becoming applicable solutions in the internationalisation of SMEs from emerging economies. Thus, this systematic review offers new insights into SME internationalisation that, although under-represented in the mainstream international marketing literature, yet dominate the market-entry strategy lived experiences of emerging economy SMEs.

From a theoretical perspective, this systematic literature review advances the conversation on SME internationalisation and institutional voids beyond a resource-based call for more *inclusive institutions* (Keizer, 2018) that share their limited resources with larger numbers of SMEs. We view the term ‘inclusive’ in this context as paradoxical. To aim for the inclusion of these SMEs in the institutional systemic context potentially represents a reductionist call; one that is predicated on the implicit assumption that the best alternative available is to assimilate those SMEs—who are systematically excluded—into those already broken systems that are the root cause of the disparity. While inclusion can, of course, yield positive results, in some ways, it negates the right of the entrepreneur's own agency to be a part of the economy or ecosystem without someone else's permission or provision. This understanding of the paradoxical nature of the inclusion efforts made by global and national institutions might furnish a possible explanation as to why so many of these support initiatives have repeatedly faltered (Nikolić *et al.* 2018). This idea of ‘including’ marginal entrepreneurs into a system that mirrors the stratification of the societies in which they are embedded can sometimes result in dis-empowering even more the very individuals that these agencies seek to enable. Therefore, our findings issue a clear call for less rigid market arrangements that combine informal and formal networks to create more participatory, empowering, and democratic bottom-up economic eco-systems

In the business literature, institutions are widely considered to represent an important analytical category for the understanding of SMEs (e.g., Mehta *et al.*, 1999). Therein, the role of informal institutions and the link between formal and informal relationships is casually

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described. However, the empirical evidence suggests that a large proportion of public policy makers perceive informal institutions in a negative or even irrelevant light (High *et al.*, 2005). Nonetheless, our findings on the role played by informal networks and on the different models that the SMEs’ ecosystems offer as alternatives to formal institutions suggests that there is scope for developing this work. This would potentially lead to novel institutional theory capable of accounting for the role played by informal institutions and the need to resign from essentialist divisions between formal and informal systems.

In this systematic literature review, the debate on institutional voids and SME internationalisation has profound theoretical and practical implications for several stakeholders. For policymakers, it highlights the need for change in the nature of the support offered to internationalising SMEs. Similarly, for academics, it offers new theoretical paradigms that define the nature and form of the international marketing strategies applicable in emerging economies. Moreover, our systematic literature review signals the presence of institutions that are progressively filling the institutional voids found in emerging economies, thus making its findings central to the literature on firm internationalisation. For business managers and practitioners, the review shows that, in emerging economies, informal institutions do matter, as they influence and shape the marketing strategies adopted by SMEs.

6.1 Limitations

Compared to traditional/narrative reviews, systematic reviews offer the advantage of not introducing any unconscious bias of the researchers conducting them. Nevertheless, our study does have a number of limitations. Above all, it was naturally limited to the literature found in the *ISI Web of Science* (WoS) and *Scopus* databases. Although these are the most comprehensive databases available for this kind of study, they are by no means exhaustive. Hence, while we can exclude any unconscious bias in our approach, we are in no position to exclude the existence of potentially pertinent work beyond these databases. In this regard, however, our approach is no different to that taken in previous systematic reviews (e.g., Schildt *et al.*, 2006).

6.2 Future Research

Future studies should devote greater reflection on how formal and informal institutions interact. The nature of these interactions may be reinforcing, accommodating, substituting, or competing (Helmke and Levitsky, 2004). Depending on whether informal institutions reinforce, substitute for, or compete with formal ones, firms can be exposed to different degrees of institutional void. For example, when informal institutions fill gaps by addressing any contingencies that are not completely addressed by formal rules, they may enhance efficiency. In this way, the existence of complementary institutions may reduce the extent of institutional voids. Similarly, substitutive informal institutions may take the place of formal ones that are either missing or ineffective.

Recent conversations on collaborative governance (Florini and Pauli, 2018) can offer interesting routes for the development of the field. We have seen earlier governmental and non-governmental actors actively engaged in setting up networks that compensate for institutional voids, establishing formal and informal networks in the process. While the existing research has mostly examined the establishment of either formal or informal networks, few studies have examined the influence and the *role played by formal networks in the establishment of informal ones*. We would like to encourage researchers to investigate the collaborative environmental governance network in SMEs and to study the relationship between formal and informal networks.



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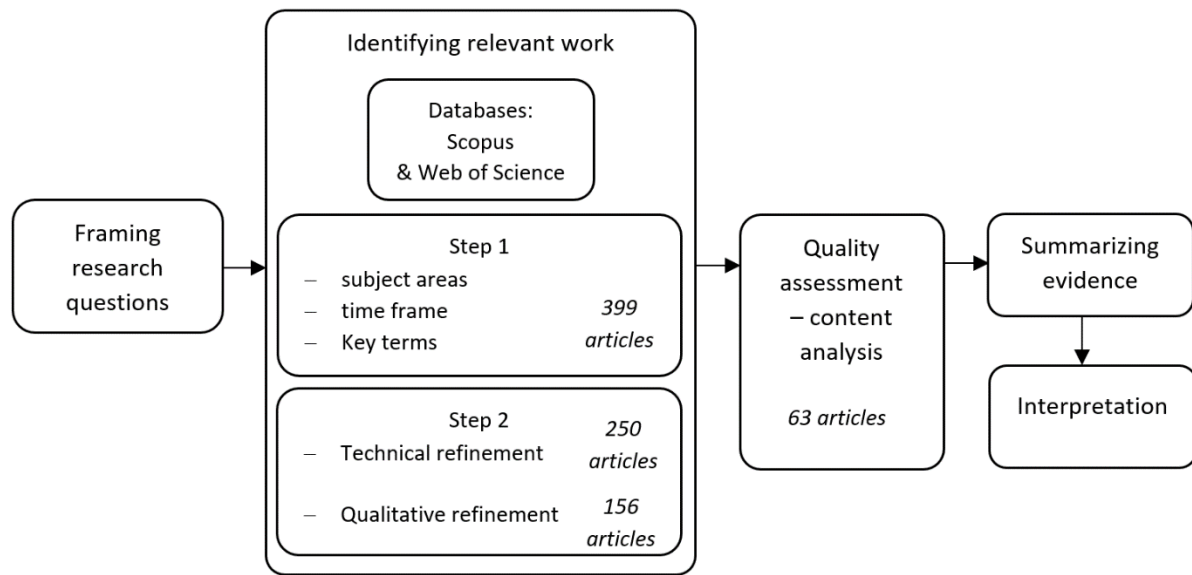
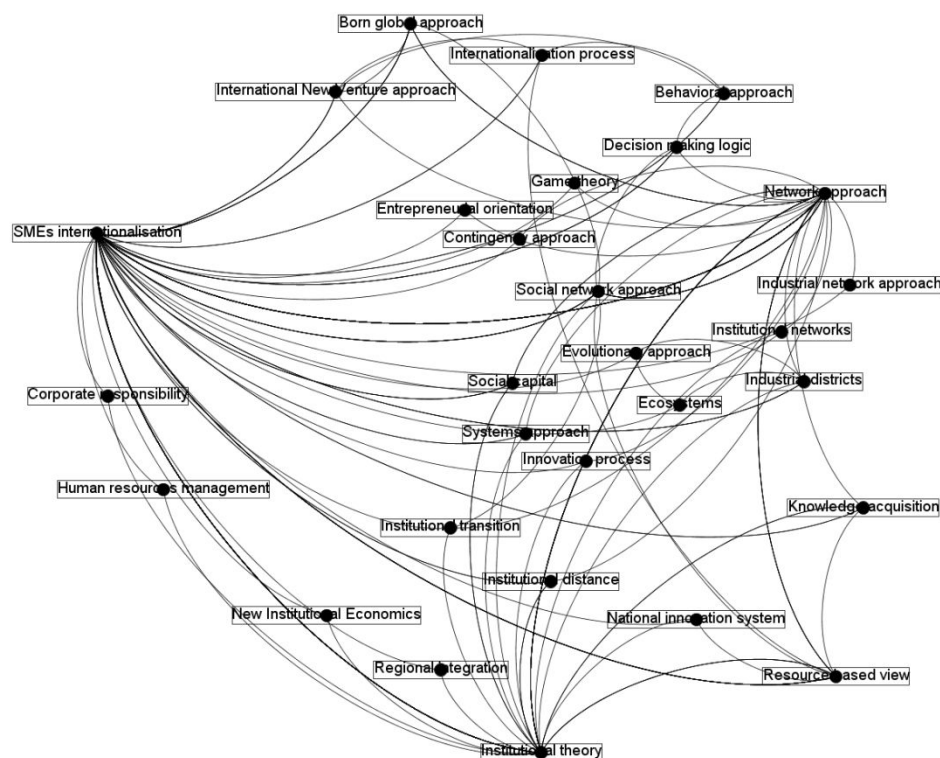
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**Figure 1.** Systematic literature review design**Figure 2:** Theoretical Base

**Table 1:** Technical refinement protocol

Criteria	Inclusion/exclusion procedure	Information used
Type of the paper	Inclusion: articles in peer reviewed journals Exclusion: chapters, conference proceedings, editorials	Journal/Conference information
Access to the content	Inclusion: papers with full access Exclusion: papers without full access	Full text
Language	Inclusion: papers in English Exclusion: papers in languages other than English	Abstract, whole paper
Subject area	Inclusion: papers from subject areas of international business, international relations, business, management, economics, business finance Exclusion: papers outside of those subject areas	Subject areas
Key terms	Inclusion: papers with reference to all three key terms of SME, internationalization, institution Exclusion: papers without reference to all there key terms of SME, internationalization, institution	Title, abstract, keywords

Criteria	Inclusion/exclusion procedure	Information used
Reference to the key term of SME	<i>Inclusion:</i> papers referring in abstracts to SMEs as the main object and the focus of the study <i>Exclusion:</i> papers referring SMEs as a side thread, marginal issue	Abstract
Reference to the key term of internationalization	<i>Inclusion:</i> papers referring to SMEs involvement in international markets (market entry, export, import etc.) as a part of the main discussion <i>Exclusion:</i> papers referring to SMEs involvement in international markets as a side thread, marginal issue or presenting purely domestic perspective	Abstract
Reference to the key term of institution	<i>Inclusion:</i> papers referring to the institutional theory in business context as a part of the main discussion <i>Exclusion:</i> papers referring to the institutional theory outside the business context, or as a side thread, marginal issue.	Abstract

**Table 2:** Qualitative refinement protocol

Explored patterns	Description	Information used
Content	<ul style="list-style-type: none"><li>- barriers to internationalization experienced by small and medium-sized enterprises,</li><li>- institutional contextualization of barriers to internationalization experienced by small and medium-sized enterprises</li><li>- approaches to address barriers to internationalization experienced by small and medium-sized enterprises</li></ul>	Full text
Theory	<ul style="list-style-type: none"><li>- theoretical approaches guiding conducted research</li></ul>	Full text
Methods	<ul style="list-style-type: none"><li>- qualitative methods</li><li>- quantitative methods</li></ul>	Full text
Context	<ul style="list-style-type: none"><li>- country/region of origin and destination markets</li><li>- cultural context</li></ul>	Full text

**Table 3:** Qualitative assessment protocol

**Table 4:** Research Context

Research context	Total (n=63) (%)		
Industry			
No indication	3.2		
One	25.4		
Two	9.5		
Three or more	62.0		
Research context	Total (n=63) (%)	Research context	Total (n=63) (%)

Countries of origin		Destination countries	
No indication	1.6	No indication	71.4
One	79.4	One	15.9
Two	12.7	Two	1.6
Three or more	7.9	Three or more	11.1
Region		Region	
Europe	63.5	Europe	23.8
Asia	33.3	Asia	27.0
South America	12.7	South America	6.3
Africa	9.5	Africa	7.9
Australia	1.6	Australia	4.8
North America	0	North America	9.5

Table 5: Methodology

Research methodology	Total (n=63) (%)
Conceptual	4.8
Qualitative	46.0
Quantitative	49.2

Mixed: qual quant 0.0

Qualitative research	Total (n=63) (%)	Quantitative research	Total (n=63) (%)
Expert opinion	9.5	Descriptive statistics	9.5
Case study	36.5	Regression	30.0
Single	3.2	SEM	14.3
Multiple	33.3	Other	9.5
Comparative analysis	6.3		
Longitudinal design	1.6	Longitudinal design	4.8

**Table 6:** Internal and Institutional Barriers

Type of barrier	Total (n=63) <i>DE – developed economies</i> <i>EE – emerging economies</i>	Authors (examples)
<b>Internal barriers</b>		
Financial (e.g. lack of funds, high costs)	11 <i>DE: 5</i>	Korez-Vide et al. (2010)



		EE: 6	Senik, <i>et al.</i> (2011)
Knowledge and know-how	18		
(e.g. market knowledge, contracting know-how)	DE: 7		Akbar <i>et al.</i> (2017),
	EE: 11		Lindstrad & Lindbergh (2011),
Cultural adaptability	5		
(e.g. cultural knowledge and skills)	DE: 2		Wysokinska (2017)
	EE: 3		Danis, Chiaburu & Lyles (2010)
Infrastructure	9		
(e.g. human resources, training facilities)	DE: 4		Belso –Martinez (2006)
	EE: 5		Andersson, Evers & Gliga (2018)
<b>Institutional barriers</b>			
Inefficient and complex institutional structure and processes	7		
(e.g. multiplicity of agencies, limited communication, bureaucracy)	DE: 0		
	EE: 7		Narooz & Child (2017)
Ineffective and inappropriate institutional support	11		
(e.g. legal, financial, market intermediary support)	DE: 4		Mets, Kaarna & Kelli (2010)
	EE: 7		Pellicano & De Luca (2016)
Non-inclusive character of institutional support	4		
(e.g. transparency, unequal access)	DE: 1		Suarez-Ortega, Garcia-Cabrera & Knight (2016)
	EE: 3		Himersson & Jansson (2012)
Negative legal and political environment	5		
(e.g. corruption, political instability)	DE: 0		
	EE: 5		Amoako & Matlay (2015)

Table 7: Institution role

	Institution	Developed Economy	Example paper	Developing Economy	Example paper
Institution’s role					

	Creating and implementing policies supporting entrepreneurship			+	Senik <i>et al.</i> , 2011
	Vocational business training			+	Mutalemwa, 2015
	Online information and counselling	+	Suárez-Ortega <i>et al.</i> , 2016	+	Kang, and Park, 2012
	Publishing, promotion of visits abroad	+	Pellicanò & IDe Luca 2016		
	Tax incentives			+	Makhmadshoev <i>et al.</i> , 2015
	Reducing transaction costs			+	Leppäaho, and Pajunenb 2018
	Removing certain regulatory barriers for cross border trade			+	Cancino and Coronado, 2014
	SMEs that are recipients of central government agencies' assistance, on average, are 3.151 times more likely to become exporters than non-recipient SMEs, all else being equal			+	Cardozo <i>et al.</i> , 2015

Government agencies' assistance in SME internationalization is possible since the central government agencies may have a better vision of global market opportunities for SMEs, whereas the local government agencies may have a stronger local or domestic market orientation in their assistance					+ Cardoza et al., 2016
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Table 8: The Contribution of Networks to the Internationalisation of SMEs

Function of network in internationalisation of SMEs	Example of networks' contribution to internationalisation effort in Developed economy	Examples of Networks' contribution to internationalisation effort in Developing economy
Facilitation of collaborations	Sources of information required for initial stage for internationalizing (customers, competitors, choice of destinations, selecting target customers and suppliers)	Trigger, accomplish strengthen, and sustain internationalization Senik et al., 2011

	Lindstrand and Lindbergh, 2011	
		Organising economic activities and regulating transactions associated with the buying and selling of cotton Makhmadshoev <i>et al.</i> , 2015
Creating partnerships on value chain	Extending business relationships to enable strategic change Hilmersson and Jansson, 2012	Increase the connection with other networks in different countries, acquire new ideas for product development – creating relationships with leading international companies Andersson <i>et al.</i> , 2018
Integrating resources between international stakeholders	Accelerate the process of knowledge sharing and transfer between firms Akbar <i>et al.</i> , 2017	Bring together informal networks and operating agencies to gather information Senik <i>et al.</i> , 2011
		Resource leveraging by using existing networks to identify opportunities and facilitate entry in the new market Andersson <i>et al.</i> , 2018
		Social networks provide general knowledge, information and skills as well as build up trust and credibility for SMEs' potential business partners Nguyen and Le, 2019
Substitution to formal institutions	Facilitating contacts with and evaluations of potential partners Belso-Mart Inez, 2010	Guanxi provided replacement to replace poor regulatory frameworks and weak support systems from the government for Chinese SMEs Cardozaa <i>et al.</i> , 2015
		SMEs that receive funding from private sources are in a better position to go

		abroad...belonging to private business groups offers them: access to know-how Cardozaa <i>at el.</i> , 2015
		Global network with businesses offers involvement in new markets and opportunities for communication with foreign partners, Han and Park, 2018
		Networks of R&D funding public agencies with foreign Universities and research institutions as well as downstream partners seem particularly relevant for countries where investment firms are not well developed, and knowledge bases and markets lag behind leading nations Kang and Park, 2012

**Table 9:** Network Types

Category of networks	Authors (examples)
Business networks (e.g., global production networks, joint ventures, business groups)	Developed economies: Arranz and De Arroyabe, 2009
	Emerging markets: Senik <i>at el.</i> , 2011, Korez-Vide <i>at el.</i> , 2010, Brache, 2018

Social networks (e.g. family, kinship relations)	Emerging economies: Amoako and Lyon, 2014, Amoako and Matlay, 2015
Institutional networks (e.g. governmental and non- governmental agencies)	Developed economies: Costa <i>et al.</i> , 2017,
	Emerging Economies: Cancino and Coronado, 2014, Senik <i>et al.</i> , 2011,
Proximity based networks (e.g. industrial districts, clusters)	Developed economies: Belso-Martinez, 2006, Guerrieri and Pietrobelli, 2004
	Emerging economies: Guerrieri and Pietrobelli, 2004
Mixed-type networks (e.g. guanxi)	Developed economies: Carrigan <i>et al.</i> , 2017
	Emerging economies: Cardozaa <i>et al.</i> , 2015; Cardozaa <i>et al.</i> , 2016; Andersson <i>et al.</i> 2018

**Table 10:** New perspective on institutions, networks and the internationalisation of SMEs in the context of emerging economies

<i>Research Dimensions</i>	<i>Established Perspectives</i>	<i>New Perspectives</i>
<i>Institutional Dimensions</i>	<ul style="list-style-type: none"><li>– Formal Institutions</li><li>– Government Support</li><li>– Non-Governmental Agencies</li></ul>	<ul style="list-style-type: none"><li>– Informal Institutions</li><li>– Indigenous Institutions</li><li>– Co-operatives</li><li>– Trade Associations</li></ul>
<i>Network Dimensions</i>	<ul style="list-style-type: none"><li>– Institutional Networks</li><li>– Business Networks</li><li>– Triple Helix (Gvt-academia-industry)</li></ul>	<ul style="list-style-type: none"><li>– Private Relationships</li><li>– Foreign Capital Networks</li><li>– Social Networks (<i>Family, Kinship Relations</i>)</li><li>– Hybrid Networks</li></ul>
<i>SME internationalisation Strategies</i>	<ul style="list-style-type: none"><li>– Resource based strategy</li><li>– Stages Approach</li><li>– Business Strategy</li></ul>	<ul style="list-style-type: none"><li>– Organisational Arrangements</li><li>– Collaborations with Informal Actors</li><li>– Establishing Private Relationships</li></ul>